

SENATE BUDGET COMMITTEE

DEMOCRATIC CAUCUS

KENT CONRAD, RANKING MEMBER

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STATEMENT BY SENATE BUDGET COMMITTEE RANKING MEMBER KENT CONRAD (D-ND) ON NEW CBO DEFICIT ESTIMATES

“The estimates CBO released today confirm what we have known for some time – that President Bush is the most fiscally irresponsible President in our nation’s history. His tax cut and spending policies have led to a dangerous deterioration in our fiscal outlook, threatening the fundamental economic security of the nation.

“CBO’s figures show the deficit in 2004 reaching \$477 billion, or \$629 billion when Social Security is excluded, the largest deficit ever. When measured as a share of the economy, a \$629 billion deficit level in 2004 represents 5.5 percent of GDP – nearing the highest level since the end of World War II.

“And these aren’t short-term deficits. CBO’s estimates show that if we continue with our current policies, and factor in the cost of extending recent tax cuts and reforming the Alternative Minimum Tax, the deficit over the next ten years – for the period 2005-2014 – will soar to \$4.8 trillion, or \$7.1 trillion if Social Security is excluded. That represents an astounding reversal from the \$5.6 trillion ten-year surplus – for the period 2002-2011 – that was projected when President Bush took office.

“The President’s claim that he has a plan to cut the deficit in half in five years misses the point. By focusing on only the next five years, the President diverts attention from the long-term consequences of his policies and the extent to which they explode the deficit years down the road.

“In defending his record on the deficit, the President likes to claim that economic growth, supposedly generated by his tax cuts, will reduce the red ink in the future. But CBO’s forecast already assumes stronger economic growth. In fact, CBO’s estimates assume a 3.5 percent growth rate over the 2004-2008 period – higher than the growth achieved during each of the last three years. The bottom line is that we can’t just grow our way out of deficit.

“President Bush has also talked about controlling spending to bring down the deficit. While it is correct that discretionary spending has gone up under his watch, almost all of this spending – 92 percent over the 2001-2004 period – has come in the areas of defense, homeland security, and

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response to the attacks of September 11. And the President continues to call for more spending in most of these areas.

“The latest claim that we’ve heard from the Bush administration is that it will hold domestic discretionary spending to less than 1 percent growth in 2005. This pledge will do little to bring down the deficit. Domestic discretionary spending represents only 17 percent of all federal spending in 2004. So enacting all of the savings he wants in the domestic discretionary area would barely making a dent in the expected 2004 deficit of \$629, excluding Social Security.

“Thanks to the CBO report, this President’s fiscal mismanagement is on display for all to see. With the retirement of the first of the baby boomers just four years away, we can no longer afford to continue on the President’s dangerous path of fiscal irresponsibility. We need the Bush administration to finally acknowledge the nation’s serious budgetary problems, and propose real solutions to preserve and protect America’s long-term fiscal well-being.”

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